

# M e m o r a n d u m

To: Panel Members

Date: June 22, 2007

From: Ruby Cohen, Manager

Analyst: J. Daunt

Subject: One-Step Agreement for **NORTHERN CALIFORNIA CONSTRUCTION AND TRAINING, INC. (W2W) (SET)**

## **CONTRACTOR:**

- Multiple Employer: Training Agency
- Training Project Profile: Job Creation: Training Of Unemployed Workers  
Welfare To Work For CalWORKs Recipients  
SET Workers With Multiple Barriers To Employment
- Legislative Priorities: Displaced/Potentially Displaced Workers  
Developed Jointly by Management & Workers
- Type of Industry: Construction
- Repeat Contractor: Yes
- ETP Trainees Represented by Union: Yes
- Name and Local Number of Union Representing ETP Trainees: International Brotherhood of Electrical Workers  
Local 340, Plumber and Pipefitters Local 447,  
Cement Masons Local 400

## **CONTRACT:**

- Program Costs: \$228,480
- Substantial Contribution: \$0
- Multiple Employer Support: \$18,240
- Total ETP Funding: \$246,720
- Total In-kind Contribution: \$135,000
  - *Trainee Wages Paid During Training:* \$135,000
  - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Sacramento, San Joaquin, Yolo
- Location of Training: 100% Center Based; 0% Employer Site

## **INTRODUCTION:**

As a non-profit community-based organization, Northern California Construction and Training, Inc. (NCCT) has been providing employment training for almost 12 years in Sacramento, San Joaquin, and Yolo Counties. NCCT is a building trades pre-apprenticeship program that helps prepare individuals for entry into various apprenticeship programs.

NCCT is eligible to apply for ETP funding as a training agency under Unemployment Insurance Code Section 10205(c) (2). This applicant proposes a new-hire training project to include:

**Job Number 1:** Special Employment Training (SET) for 24 trainees with two or more barriers which prevent them from fully participating in the labor force. Barriers may include mental or physical disability, illiteracy, limited English language proficiency, limited math skills, having a history of substance abuse, lacking a significant work history, being chronically underemployed, and/or status as a school drop-out, migrant and/or seasonal farm worker, veteran, and/or ex-offender.

**Job Number 2:** Welfare-to-Work (W2W) training for 24 trainees who are CalWORKs recipients. The project was in development prior to the Panel imposing its funding limitation on W2W training to 20 percent of the new hire trainee population.

## **MEETING ETP GOALS AND OBJECTIVES:**

NCCT proposes training that will further the following ETP goals and objectives:

- 1) Train unemployed workers for placement in secure, full-time occupations where employer demand exists.
- 2) Support training in priority industries.
- 3) Provide CalWORKs recipients with the skills to attain secure jobs with opportunities for career advancement.
- 4) Support joint labor-employer training ventures.

**TRAINING PLAN TABLE:**

Job Number / Trainee Type	Types Of Training	No. Retain	No. Class / Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
1 / SET New Hire	MENU: Commercial Skills	24	100-350	0	\$5,064	*\$10.85- \$25.00
2 / New Hire W2W	MENU: Commercial Skills	24	100-350	0	\$5,216	*\$9.00- \$25.00
Wages After 90-Day Retention						
<u>Occupations</u>						
Brick Layer Carpenter Carpet Layer Cement Mason Electrician Glazier Ironworker Laborer Operating Engineer Painter Plasterer Plumber Roofer Sheet Metal Worker Tile Setter Millmen						
<u>Health Benefits Used To Meet ETP Minimum Wage:</u>				<u>Turnover Rate</u>	<u>% Of Mgrs &amp; Supervisors To Be Trained:</u>	
*Employer-provided health, dental, and/or vision benefits vary by participating employer and may be added to the base wages in order to satisfy the minimum hourly wage in the counties served of \$10.85 for Job Number 1 and \$9.00 for Job Number 2.				20%	0%	
<u>Other Employee Benefits:</u> Varies by participating employer.						

**COMMENTS / ISSUES:**

➤ **Frontline Workers**

All participants in this project meet the Panel definition of frontline workers under Title 22, Code of California Regulations (CCR), Section 4400(ee).

**COMMENTS / ISSUES** (continued)

➤ ***Laboratory Training In a Non-Production Environment***

Title 22, CCR, Section 4400(y)(2) defines "laboratory training" as "hands-on instruction or skill acquisition conducted in a non-productive environment, or simulated work setting, under the direct training of a laboratory trainer that may require the use of specialized equipment or facilities by the trainee." The Panel's intent is to ensure that trainees are not using laboratory time to produce goods or provide services for profit.

The proposed NCCT program will consist of up to 800 hours of training consisting of 520 hours of classroom training (funded by the Workforce Investment Act), and 280 hours of laboratory/jobsite training (funded by ETP). During the course of this program, trainees build homes according to code and building requirements, from the foundation to the roof, and learn specialties such as plumbing and wall texturing. NCCT officials state that the homes are sold to the public at cost. The homes are sold to low-income or first-time homebuyers.

ETP funds will be used only for the laboratory/jobsite portion of training, consisting of a weighted average of 280 hours of commercial skills training as set forth in the menu Curriculum. The proposed training meets ETP's definition of laboratory training in a "non-productive environment" because: (1) the training agency is not in the normal business of building construction; and (2) there will be no profit or other monetary gain because the structures are to be sold at cost. Staff has added language to the ETP Agreement to impose these two conditions.

➤ ***Cost per Trainee***

The NCCT program cost is higher than the ETP average new hire cost per trainee of \$4,740. Title 22, CCR, Section 4406, New Hire Training, allows the Panel to accept a higher cost per trainee, if post retention wages are proportionately higher than the ETP new-hire wage. The proposed starting wage for Job Number 1 of \$10.85 per hour is proportionate to the proposed increase in cost per trainee. The cost per trainee for Job Number 2, W2W trainees is \$5,216 due to the 280 hour curricula and 12 percent support costs. The Panel's guidelines for W2W allow for the new hire cost per trainee to be exceeded. Low teacher-student ratios (averaging 1:8) are maintained to maximize effective classroom instruction and minimize jobsite safety concerns through close supervision and demonstration. After completing the 800-hour pre-apprenticeship program, graduates will be placed in full-time building trades jobs, included in state-certified apprenticeship programs, which have significant wage progressions.

According to NCCT representatives, starting wages for trainee graduates range from \$10.50 per hour (cement mason) to \$13.96 per hour (carpenter), plus benefits. Typically apprentices receive wage and benefit increases every six (6) months as work hours and classroom requirements are met. The wage advances are generally five (5) percent every six months. Within three to five years, journey level is reached, with a wage rate of approximately \$34.00 per hour.

**COMMENTS / ISSUES** (continued)

➤ ***W2W Trainee Wage Waiver Request***

The ETP new hire minimum hourly wage for the counties served under this proposal is \$10.13. For Job Number 2 W2W trainees only, NCCT is requesting a wage waiver to \$9.00 per hour after retention, including health benefits, due to the difficulty in serving this segment of the population. This amount is within the 25% differential set forth in the Panel's pilot program W2W guidelines. Trainees in Job Number 1 are not included in this request, and will be placed at \$10.85 or more per hour, including health benefits.

➤ ***Support Costs for W2W***

This proposal will be the first time that W2W individuals have been included in an ETP Agreement with NCCT, although the organization has trained CalWORKs recipients in the past, utilizing alternate funding. NCCT representatives state that for CalWORKs recipients, job placement has, on average, involved more time and effort. NCCT is therefore requesting, for Job Number 2 only, an increase in support costs from eight to twelve percent of training costs, to offset the additional costs of trainee recruitment, intake assessment to determine eligibility, job development, job search assistance, job placement, and related tasks and activities that NCCT anticipates being necessary for these trainees. NCCT is not requesting any increase in support costs for Job Number 1.

➤ ***Incidental Placement Waiver Request***

Title 22, CCR, Section 4401.5(C) allows a Contractor to place up to 20 percent of the total new-hire trainees with a public entity or nonprofit organization that has elected an alternate method of financing its liability for Unemployment Insurance. Consistent with current ETP W2W guidelines, NCCT is requesting a waiver to this regulation, to allow an "incidental placement" of up to 25 percent of the total W2W trainees (maximum of six (6) out of the total of 24 in Job Number 2) with public entities or nonprofit organizations, to provide additional opportunities for success among this hard-to-serve trainee population.

**RECOMMENDATION:**

Staff recommends the Panel approve the Contractor's waiver request for wages for W2W trainees, incidental placement waiver request, additional costs per trainee, jobsite training, and additional support costs for W2W training, as well as the proposal as a whole, based on the documented needs of participating employers to hire qualified, trained employees for full-time occupations in areas where unemployment rates are perennially high and where employers encounter difficulties in finding qualified candidates for unfilled positions. In addition to 24 SET trainees with employment barriers, the proposal includes training for 24 CalWORKs recipients, providing all of them with the skills necessary to attain secure full-time employment.

**NARRATIVE:**

The NCCT program, 520 hours of classroom and 280 hours of laboratory/jobsite training, is oriented to construction. Students rotate between two weeks in class and one week of laboratory (on the jobsite). In the class courses funded with WIA funds they learn the reading, math, safety and life skills necessary for a career in construction, such as getting to work at an early hour, being drug free and working with others.

The customized curriculum has been developed using input from employers and labor unions in the industry. The ETP training program will provide a weighted average of 280 hours of laboratory training as follows:

**Commercial Skills:** The laboratory/jobsite curriculum will include worksite conditions and requirements, hand and power tool terminology and identification, basic masonry, basic carpentry, basic plumbing, basic electrical, basic painting, basic glazing, basic landscaping, and basic hazardous material safety. According to NCCT staff, employers and apprenticeship programs consistently emphasize the need for new hire employees to demonstrate employability skills such as good attendance, teamwork, safety, and rudimentary knowledge of construction tools, materials and methods as well as construction math. At the completion of training, it is planned that trainees will be placed in a state-approved apprenticeship program and begin their employment retention period with employers in the building trades industry.

***Employer Demand***

Marketing and employer recruitment efforts have been achieved through NCCT's historical relationships established with Building Trades Apprenticeship Training Programs in northern California. NCCT has also established referral relationships with multi-employer associations and local unions engaged in the construction industry. NCCT representatives state that interviews with individual employers and apprenticeship representatives indicate that there is an unacceptably high dropout rate among new apprentices, because individuals are ill prepared to meet the challenge of a career in the growing construction industry.

The customized curriculum has thus been developed using input from employers and unions and is periodically reviewed. The curriculum accompanying this proposal includes specific trade terminology and standard processes for the construction industry, and contains workplace simulations in order to replicate the conditions and problem-solving situations encountered by tradespeople. From on-site visits, class presentations, and interviews, continuous feedback is provided by participating employers, associations and unions.

As a result of the continued growth in the construction industry, participating employers require new-hires who can demonstrate teamwork, safety, skill with tools, rudimentary knowledge of construction materials and methods, and construction math. NCCT staff determined these requirements based on needs assessments conducted by NCCT staff. The assessment covered current and future employment needs, reviewed existing and/or proposed curricula, and emphasized employer curriculum requirements.

**NARRATIVE:** (continued)

In California, jobs in construction continue to grow, despite the ongoing adjustments in the residential housing industry. According to the Employment Development Department, Labor Market Information Division, growth in the Sacramento region's construction industry is expected to continue. According to NCCT representatives, employers in construction have consistently emphasized their need for new-hires. This training program was developed in response to growth in the construction industry.

***Employer Commitment to Training New Hires***

After completion of training, and during the employment retention period, participating employers will provide additional training. The customized training provided to newly hired employees includes orientation, company policies and procedures, business practices, and standards of operation. Based on projected wages paid to 48 newly hired employees, employers will contribute approximately \$135,000 for trainees' wages paid during this additional training period within the employment retention period.

**SUBCONTRACTORS:**

None.

**THIRD PARTY SERVICES:**

None.

**PRIOR PROJECTS:**

This will be the third ETP project with NCCT. The following are completed project statistics for ETP Agreements with this Contractor within the last five years:

PRIOR PROJECTS							
Agreement Number	Location (Cities)	Term	Contract Amount	Amount Earned	% Earned	Planned In-kind Contribution	Reported In-kind Contribution
ET05-0318 New Hire SET	Sacramento, West Sacramento, Stockton	05/10/05- 05/09/07	\$214,464	\$214,464*	100%*	\$240,000	\$240,000*
ET03-0193 New Hire SET	Sacramento, West Sacramento, Stockton	02/20/03- 02/19/05	\$107,232	\$107,232	100%	\$120,000	\$120,000

**Comments:** \* For ET05-0318, the Contractor has enrolled, trained, and placed more than enough trainees to cover the 48 training slots allotted under this Agreement; however, the Contractor has not yet completed the ETP on-line invoicing process, so the numbers shown in this chart represent the anticipated results for this Agreement. The completion rates shown here are considered to be favorable for any new-hire project.

Northern California Construction and Training, Inc.  
MENU CURRICULUM

Hours  
Class/Lab  
100 - 350  
Av. = 280

Trainees will receive any of the following:

COMMERCIAL SKILLS

1. Hand Tool Terminology  
Hand Tool Identification  
Hand Tool Review
2. Power Tool Terminology Worksheets  
Power Tool Identification  
Power Tool Review
3. Masonry Terminology Worksheets  
Basic Masonry  
Hands on Masonry Instruction  
Masonry Review
4. Building Construction Terminology Worksheets  
Building Materials  
Building Materials Review
5. Building Layout  
Building Layout Review
6. Basic Carpentry  
Basic Carpentry Review
7. Electrical and Mechanical Terminology Worksheets  
Basic Electrical  
Electrical Review
8. Basic Plumbing  
Plumbing Handout
9. Basic HVAC  
HVAC Review
10. Welding Workshop
11. Painting Trades Terminology Worksheets  
Basic Painting  
Painting Review



NORTHERN CALIFORNIA CONSTRUCTION AND TRAINING  
MENU CURRICULUM (continued)

COMMERCIAL SKILLS (continued)

12. Basic Glazing  
Glazing Review
13. Basic Floor Covering  
Floor Covering Review
14. Landscaping Terminology Worksheets  
Basic Landscaping  
Landscaping Test and Review
15. BATC Training (Petro-Chemical)  
Basic HazMat Safety

U.A. Local 447  
6841 Newman Court  
Sacramento, CA 95819  
Tel (916) 457-6596  
Fax (916) 454-6161



Ron Morgan  
President

Harry M. Rotz  
Financial Secretary and  
Business Manager

June 12, 2007

To Whom It May Concern:

Plumber and Pipefitters, Local 447 has been working closely with Northern California Construction and Training, Inc. for over 10 years. We have apprenticed students from their pre-apprenticeship program during that time as result of the high quality of their training program. When we have openings for apprentices, NCCT is one of the first places we turn to. We look forward to a long and continuing working relationship with them. If you have any question, call me at (916) 457-6595.

Sincerely,

Harry M. Rotz  
Financial Secretary and Business Manager  
U.A. Local 447  
5841 Newman Court  
Sacramento, CA 95819

# CEMENT MASONS LOCAL 400

810 W. STADIUM  
SACRAMENTO, CA 95834



SAN JOSE, CA 95125  
2102 ALMADEN RD  
SUITE 118  
(408) 266-9160

STOCKTON, CA 95205  
2350 EAST MAIN ST  
(209) 466-0502

VALLEJO, CA 94590  
284 NEBRASKA ST  
(707) 644-8423

CHICO/REDDING  
118 WALL STREET  
CHICO, CA 95928  
(530) 342-7872

June 12, 2007

To Whom It May Concern:

I would like to express my support for Northern California Construction and Training, Inc. We at Cement Masons Local 400 support their effort to train pre-apprentices and when we have openings for an apprentice, NCCT is one of the first places we try to recruit from.

NCCT's past involvement in training with our organization has been a long-term stable relationship. We whole heartily support their effort in training pre-apprentices and look forward to employment opportunities for their employees. If you have any questions you can reach me at (916) 565-0128.

Sincerely,

Karl Bik  
Business Manager  
Cement Masons Local 400

TELEPHONE (916) 565-0128

FAX (916) 565-0133

TOLL FREE 1-800-566-4002





## *International Brotherhood of Electrical Workers*

June 12, 2007

### To Whom It May Concern:

The International Brotherhood of Electrical Workers, Local Union No. 340, Sacramento has been working closely with Northern California Construction Training (NCCT) for well over 12 years.

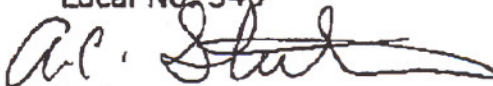
We have had the opportunity of apprenticing a great number of students who had previously attended the Northern California Construction Training pre-apprenticeship program. We have been very pleased with the quality of training these young men and women received prior to being indentured into our apprenticeship program. Their prior training helped them to transition into our program with very little difficulty.

When we have openings for apprentices, NCCT is one of the first places we turn to for qualified applicants.

IBEW Local 340 looks forward to continuing our relationship with NCCT for the benefit of both of our organizations, as well as the benefit of the individuals who have the opportunity to partake in this quality training.

If you have any questions, you can reach me at 916-927-4239.

Sincerely,  
ELECTRICAL WORKERS' UNION  
Local No. 340

  
A.C. Steelman  
Business Manager

ACS/pp opeiu #29 afl-cio